

ADAIR COUNTY SANITARY LANDFILL AND RECYCLING CENTER

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENT AND  
OTHER INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2021

# Adair County Sanitary Landfill and Recycling Center

## Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2
Management's Discussion and Analysis	4
Basic Financial Statement	<u>Exhibit</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balance	A 5
Notes to Financial Statement	7
Other Information	
Schedule of the Center's Proportionate Share of the Net Pension Liability	19
Schedule of Center Contributions	20
Notes to Other Information - Pension Liability	21
Comments and Recommendations	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with <u>Government Auditing Standards</u>	22
Schedule of Findings and Responses	24

## Adair County Sanitary Landfill and Recycling Center

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Matt Wedemeyer	Chair	Adair County
Dixie Dukes	Vice-Chair	City of Fontanelle
Daryl Nelson	Member	Adair County
Nicholas Lindberg	Member	City of Casey
Jim Sitzman	Member	City of Orient
Roberta Carpenter	Member	City of Bridgewater
Jimmie Schultz	Member	City of Greenfield
Paul Jones	Member	City of Menlo

There is an open director position for the City of Stuart.

Delmar Frisbie (Retired September, 2020)	Director
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Kurt Reason (Appointed September, 2020)	Director
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# Gronewold, Bell, Kyhnn & Co. P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Adair County  
Sanitary Landfill and Recycling Center

### **Report on the Financial Statement**

We have audited the accompanying financial statement of Adair County Sanitary Landfill and Recycling Center as of and for the year ended June 30, 2021, and the related notes to financial statement.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

To the Members of the Adair County  
Sanitary Landfill and Recycling Center

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of Adair County Sanitary Landfill and Recycling Center as of June 30, 2021 and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

### **Basis of Accounting**

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Other Information*

The other information, Management's Discussion and Analysis, the Schedule of the Center's Proportionate Share of the Net Pension Liability and the Schedule of Center Contributions on pages 4 through 4c and on pages 19 through 21, has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2021 on our consideration of Adair County Sanitary Landfill and Recycling Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Adair County Sanitary Landfill and Recycling Center's internal control over financial reporting and compliance.

*Wm. H. Hall, Ben. K. Johnson & Co., P.C.*

Atlantic, Iowa  
November 11, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Adair County Sanitary Landfill and Recycling Center (ACSL&RC) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the ACSL&RC is for the year ended June 30, 2021. We encourage readers to consider this information in conjunction with the Center's financial statement, which follows.

### 2021 FINANCIAL HIGHLIGHTS

Operating receipts increased 1.3%, or approximately \$8,500, from fiscal year 2020 to fiscal year 2021.

Operating disbursements increased 4.0%, or approximately \$21,000 from fiscal year 2020 to fiscal year 2021.

The cash balance increased 9.1%, or approximately \$99,255, from June 30, 2020 to June 30, 2021.

The Center paid down \$29,000 on the notes they owe, which amounted to a decrease of 9.8% of their total debt outstanding.

### USING THIS ANNUAL REPORT

The ACSL&RC has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statement and provides an analytical overview of the ACSL&RC's financial activities.

The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information of ACSL&RC's operating receipts and disbursements, non-operating receipts and disbursements and whether the ACSL&RC's cash basis financial position has improved or deteriorated as a result of the year's activities.

The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

Other Information further explains and supports the Center's proportionate share of the net pension liability and related contributions.

## FINANCIAL ANALYSIS OF THE CENTER

### *Statement of Cash Receipts, Disbursements and Changes in Cash Balance*

The purpose of the statement is to present the receipts received by the ACSL&RC and the disbursements paid by the ACSL&RC, both operating and non-operating. The statement also presents a fiscal snapshot of the ACSL&RC's cash balance at year end. Over time, readers of the financial statement are able to determine the ACSL&RC's cash basis financial position by analyzing the increase or decrease in the cash balance.

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the ACSL&RC. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, land rent, equipment purchases, and principal and interest payments on loans. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2021 and June 30, 2020 is presented below:

	Year ended June 30,	
	2021	2020
Operating receipts:		
Gate and recycling fees	\$ 515,428	\$ 498,172
County contributions	79,394	86,331
City contributions	42,672	42,672
Miscellaneous	14,561	16,354
Total operating receipts	<u>652,055</u>	<u>643,529</u>
Operating disbursements:		
Salaries and benefits	209,012	176,421
Postclosure costs	34,814	6,556
Other	305,144	344,935
Total operating disbursements	<u>548,970</u>	<u>527,912</u>
Excess of operating receipts over operating disbursements	<u>103,085</u>	<u>115,617</u>
Non-operating receipts (disbursements):		
Interest on investments	19,576	20,477
Land rent	29,000	29,000
Equipment purchased	( 18,208)	( 120,831)
Principal on notes payable	( 29,000)	( 29,000)
Interest on notes payable	( 5,198)	( 7,721)
Net non-operating receipts (disbursements)	<u>( 3,830)</u>	<u>( 108,075)</u>
Change in cash balance	99,255	7,542
Cash balance beginning of year	<u>1,094,679</u>	<u>1,087,137</u>
Cash balance end of year	<u>\$ 1,193,934</u>	<u>\$ 1,094,679</u>

	Year ended June 30,	
	2021	2020
<b>Cash Basis Fund Balance</b>		
Restricted for:		
Postclosure care	\$ 744,001	\$ 755,837
Transfer station closure	36,000	34,000
Tonnage fees retained	10,576	7,028
Total restricted cash basis fund balance	<u>790,577</u>	<u>796,865</u>
Unrestricted:		
Assigned for recycling	1,433	1,329
Assigned for equipment	215,012	134,609
Unassigned	186,912	161,876
Total unrestricted cash basis fund balance	<u>403,357</u>	<u>297,814</u>
Total cash basis fund balance	<u>\$ 1,193,934</u>	<u>\$ 1,094,679</u>

In fiscal 2021, operating receipts increased \$8,526, or 1.3%, from fiscal 2020.

The largest portion of the ACSL&RC's cash balance is restricted for closure and postclosure care. State and federal laws and regulations require the ACSL&RC to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. The remaining cash balance is unrestricted and can be used to meet the ACSL&RC's obligations as they come due. Restricted cash balance decreased \$6,288 or 0.8%, during the year. This money will be used mostly for engineering fees for post closure care. The decrease was due to fewer funds being set aside for postclosure care. Unrestricted cash balance increased by \$105,543 or 35% for the year.

## LONG-TERM DEBT

At June 30, 2021 the ACSL&RC paid down \$29,000 on the Iowa Finance Authority Bond. There were no additional loan agreements signed in fiscal year 2021.

## ECONOMIC FACTORS

ACSL&RC's cash basis financial position increased during the current fiscal year. The current condition of the economy in the state continues to be a concern for ACSL&RC officials. Some of the realities that may potentially become challenges for the ACSL&RC to meet are:

- Facilities and equipment require constant maintenance and upkeep. The landfill is increasing the amount put into equipment reserves so the equipment can be replaced when needed from available funds.
- Extreme weather causing issues in the cover of the closed cells.
- Technology continues to expand and current technology becomes outdated, presenting an on-going challenge to maintain up-to-date technology at a reasonable cost.
- Annual deposits required to be made to closure and postclosure care accounts are based on constantly changing cost estimates.
- Fuel prices continue to impact the expenses for the Center's recycling routes.
- Due to the economy, the market for recyclables declined causing the Center to lose a significant amount of money handling recyclables.

- In August, 2009, the Center started transferring its waste to the Metro Park West facility. And in fiscal year 2012, the cell was officially closed, and now the Center hauls everything to Metro Waste Authority.

Since all the cells are closed and the landfill is operating solely as a transfer station, no large expenditures for closure costs were expected.

#### **CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the ACSL&RC's finances and to show the ACSL&RC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact ACSL&RC at 1645 State Highway #25, Menlo, IA 50164, by calling 641-743-8343 or at [aclr@wildblue.net](mailto:aclr@wildblue.net) on the internet.

## Adair County Sanitary Landfill and Recycling Center

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance

As of and for the year ended June 30, 2021

Operating receipts:	
Gate and recycling fees	\$ 515,428
County contributions	79,394
City contributions	42,672
Miscellaneous	<u>14,561</u>
Total operating receipts	<u>652,055</u>
Operating disbursements:	
Salaries and benefits	209,012
Advertising and supplies	6,302
Disposal costs	137,968
Fuel	27,030
Household hazard facility contract	1,157
Insurance	15,768
Iowa DNR tonnage fees	11,902
Maintenance and repair	45,380
Postclosure costs	34,814
Professional services	33,089
Training and travel	1,388
Utilities	10,161
Miscellaneous	<u>14,999</u>
Total operating disbursements	<u>548,970</u>
Excess of operating receipts over operating disbursements	103,085
Non-operating receipts (disbursements):	
Interest on investments	19,576
Land rent	29,000
Equipment purchased	( 18,208)
Principal on notes payable	( 29,000)
Interest on notes payable	<u>( 5,198)</u>
Net non-operating receipts (disbursements)	<u>( 3,830)</u>
Change in cash balance	99,255
Cash balance beginning of year	<u>1,094,679</u>
Cash balance end of year	<u>\$ 1,193,934</u>

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## Adair County Sanitary Landfill and Recycling Center

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance - Continued

As of and for the year ended June 30, 2021

**Cash Basis Fund Balance**

## Restricted for:

Postclosure care	\$ 744,001
Transfer station closure	36,000
Tonnage fees retained	<u>10,576</u>
Total restricted cash basis fund balance	790,577

## Unrestricted:

Assigned for recycling	1,433
Assigned for equipment	215,012
Unassigned	<u>186,912</u>
Total unrestricted cash basis fund balance	<u>403,357</u>

Total cash basis fund balance	<u>\$ 1,193,934</u>
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See notes to financial statement.

# Adair County Sanitary Landfill and Recycling Center

## Notes to Financial Statement

June 30, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adair County Sanitary Landfill and Recycling Center was formed in 1973 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Center is to develop, operate and maintain solid waste and recycling facilities in Adair County on behalf of the units of government which are members of the Center.

The governing body of the Center is composed of one representative from each of the seven member cities and two representatives from Adair County. The member cities are: Orient, Stuart, Bridgewater, Casey, Fontanelle, Greenfield and Menlo. The commissioners are appointed by the participating governmental subdivisions and each has one vote for each one hundred population, except for Adair County whose votes are to be shared by two members.

#### A. Reporting Entity

For financial reporting purposes, the Adair County Sanitary Landfill and Recycling Center has included all funds, organizations, agencies, boards, commissions and authorities. The Center has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the Center's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Center. The Center has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. Basis of Presentation

The accounts of the Center are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basis of Accounting

The Center maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Center is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payables for closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Center in accordance with U.S. generally accepted accounting principles.

D. Cash Basis Fund Balance

Funds set aside for payment of closure and postclosure care and tonnage fees are classified as restricted.

NOTE 2 - CASH AND INVESTMENTS

The Center's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Center; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk. The Center's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Center.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 3 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Center, except for those covered by another retirement system. Employees of the Center are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 3 - PENSION PLAN - Continued

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Center contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Center's contributions to IPERS for the year ended June 30, 2021 were \$11,319.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the Center had a liability of \$106,740 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the Center's proportion was 0.001520%, which was an increase of 0.000006% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Center's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$16,377, \$20,374, and \$11,306, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

# Adair County Sanitary Landfill and Recycling Center

## Notes to Financial Statement

June 30, 2021

### NOTE 3 - PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Center will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Adair County Sanitary Landfill and Recycling Center

## Notes to Financial Statement

June 30, 2021

### NOTE 3 - PENSION PLAN - Continued

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	\$ 177,980	\$ 106,740	\$ 47,006

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

### NOTE 4 - CLOSURE AND POSTCLOSURE CARE

To comply with federal and state regulations, the Center is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure.

Environmental Protection Agency (EPA) requirements have established closure and thirty-year care requirements for all municipal solid waste landfills which receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 4 - CLOSURE AND POSTCLOSURE CARE - Continued

These costs for the Adair County Sanitary Landfill and Recycling Center have been estimated to be \$ - 0 - for closure and \$695,200 for postclosure, for a total of \$695,200 as of June 30, 2021. Effective April 1, 2012, the Center became a transfer station for all waste.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Adair County Sanitary Landfill and Recycling Center has begun to accumulate resources to fund these costs and, at June 30, 2021, assets of \$744,001 are restricted for these purposes, of which \$ - 0 - is for closure and \$744,001 is for postclosure care. It is reported as restricted cash balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), if the estimated closure and postclosure care costs are not fully funded, the Center is required to demonstrate financial assurance for the unfunded costs. The Center has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Center must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Center is not required to establish closure and postclosure accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 5 - TRANSFER STATION CLOSURE CARE

To comply with state regulations, the Center is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces which have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles which will remain on site, including the rinsing of all surfaces which have come in contact with solid waste and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Center is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

The total transfer station closure care costs for the Center as of June 30, 2021 have been estimated at approximately \$35,167. The balance has been restricted and is fully funded at June 30, 2021.

NOTE 6 - SOLID WASTE TONNAGE FEES RETAINED

The Center has established an account for restricting and using solid waste tonnage fees retained by the Center in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2021, the unspent tonnage fees retained by the Center and restricted for the required purposes totaled \$10,576.

NOTE 7 - RISK MANAGEMENT

The Center is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 7 - RISK MANAGEMENT - Continued

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Center's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the pool. The Center's contribution to the Pool for the year ended June 30, 2021 was \$15,768.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Center's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of the risk-sharing protection provided by the Center's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Center's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Center also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and employee blanket bond in the amount of \$1,000,000 and \$250,000. The Center assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 8 - LONG-TERM DEBT

During the year ended June 30, 2010, the Center entered into an agreement with Iowa Finance Authority to build a leachate holding area to improve water quality, costing \$551,613 and close a landfill cell. The agreement requires annual principal payments ranging from \$21,000 to \$37,000 and semi-annual interest payments of 3% beginning September 23, 2009 through December 1, 2019 when it was amended to 1.75% and matures June 1, 2029. At June 30, 2021, the balance of the bond was \$268,000. The bond is collateralized by land.

Annual principal and interest payments on the notes are expected to require approximately 33% of net receipts. The total principal and interest remaining to be paid on the notes is \$289,840. For the current year, principal and interest paid and total customer net receipts were \$34,198 and \$103,085, respectively.

A summary of changes in long-term debt liabilities for the year ended June 30, 2021 is as follows. See Note 10 for description of compensated absences liability.

	<u>Bond Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 297,000	\$ 10,900	\$ 307,900
Decreases	<u>29,000</u>	<u>10,500</u>	<u>39,500</u>
Balance end of year	<u>\$ 268,000</u>	<u>\$ 400</u>	<u>\$ 268,400</u>
Due within one year	<u>\$ 30,000</u>	<u>\$ 400</u>	<u>\$ 30,400</u>

# Adair County Sanitary Landfill and Recycling Center

## Notes to Financial Statement

June 30, 2021

### NOTE 8 - LONG-TERM DEBT - Continued

Scheduled principal and interest repayments on long-term debt are as follows:

Year ending June 30,	Long-Term Debt		Total
	Principal	Interest	
2022	\$ 30,000	\$ 4,690	\$ 34,690
2023	31,000	4,165	35,165
2024	32,000	3,623	35,623
2025	33,000	3,062	36,062
2026	34,000	2,485	36,485
2027-2029	<u>108,000</u>	<u>3,815</u>	<u>111,815</u>
	<u>\$ 268,000</u>	<u>\$ 21,840</u>	<u>\$ 289,840</u>

### NOTE 9 - DESIGNATED FUNDS

Designated assets remain under the control of the Board of Trustees, which may, at its discretion, later use the funds for other purposes. Below is a list of the designated assets and their prescribed purpose:

Purpose	Amount
Recycling	\$ 1,433
Equipment	<u>215,012</u>
Total	<u>\$ 216,445</u>

### NOTE 10 - COMPENSATED ABSENCES

Center employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. Accumulated sick leave is paid at 30%, not to exceed 90 days, upon retirement. These accumulations are not recognized as disbursements by the Center until used or paid. The Center's approximate liability for accumulated sick leave and earned vacation at June 30, 2021 was approximately \$200 and \$200, respectively. This liability has been computed based on rates of pay in effect at June 30, 2021.

Adair County Sanitary Landfill and Recycling Center

Notes to Financial Statement

June 30, 2021

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The Center operates a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The Center currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2021, the Center contributed \$48,834 and plan member eligible for benefits contributed \$6,138 to the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the Center and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>3</u>
Total	<u><u>3</u></u>

NOTE 12 - CONTINGENCIES

Subsequent Event

The Center has evaluated all subsequent events through November 11, 2021, the date the financial statement was available to be issued.

NOTE 13 - COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Center, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Center. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Center.

\* \* \*

## OTHER INFORMATION

Adair County Sanitary Landfill and Recycling Center  
Schedule of the Center's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Seven Years\*

Other Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Center's proportion of the net pension liability	0.001520%	0.001514%	0.001538%
Center's proportionate share of the net pension liability	\$ 106,740	\$ 87,645	\$ 97,317
Center's covered payroll	\$ 120,590	\$ 115,188	\$ 115,583
Center's proportionate share of the net pension liability as a percentage of its covered payroll	88.51%	76.09%	84.20%
IPERS net position as a percentage of the total pension liability	82.90%	85.45%	83.62%

\* - In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.001286%	0.001292%	0.001311%	0.001297%
\$ 85,652	\$ 81,329	\$ 64,787	\$ 52,506
\$ 95,981	\$ 92,740	\$ 89,839	\$ 87,135
89.24%	87.70%	72.11%	60.26%
82.21%	81.82%	85.19%	87.61%

Adair County Sanitary Landfill and Recycling Center  
Schedule of Center Contributions

Iowa Public Employees' Retirement System  
Last 10 Fiscal Years

Other Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 11,319	\$ 11,384	\$ 10,874	\$ 10,322
Contributions in relation to the statutorily required contribution	<u>( 11,319)</u>	<u>( 11,384)</u>	<u>( 10,874)</u>	<u>( 10,322)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Center's covered payroll	\$ 119,590	\$ 120,590	\$ 115,188	\$ 115,583
Contributions as a percentage of covered payroll	9.46%	9.44%	9.44%	8.93%

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 8,571	\$ 8,282	\$ 8,022	\$ 7,781	\$ 7,450	\$ 7,054
( 8,571)	( 8,282)	( 8,022)	( 7,781)	( 7,450)	( 7,054)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 95,981	\$ 92,740	\$ 89,839	\$ 87,135	\$ 85,934	\$ 87,408
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

Adair County Sanitary Landfill and Recycling Center  
Notes to Other Information - Pension Liability  
Year Ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

\* \* \*

See accompanying independent auditor's report.

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards

To the Members of the Adair County  
Sanitary Landfill and Recycling Center

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the Adair County Sanitary Landfill and Recycling Center as of and for the year ended June 30, 2021, and the related notes to financial statement, and have issued our report thereon dated November 11, 2021. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Adair County Sanitary Landfill and Recycling Center's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Adair County Sanitary Landfill and Recycling Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Adair County Sanitary Landfill and Recycling Center's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Center's financial statement will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 21-I-A.

To the Members of the Adair County  
Sanitary Landfill and Recycling Center

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Adair County Sanitary Landfill and Recycling Center's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

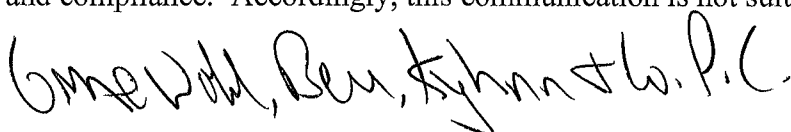
Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Responses to Findings**

Adair County Sanitary Landfill and Recycling Center's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Center's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Atlantic, Iowa  
November 11, 2021

Adair County Sanitary Landfill and Recycling Center

Schedule of Findings and Responses

Year ended June 30, 2021

PART I - FINDINGS RELATED TO THE FINANCIAL STATEMENT

INTERNAL CONTROL DEFICIENCIES

21-I-A Segregation of Duties:

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Center's financial statement.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The Center has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the Center's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: We recognize that it may not be economically feasible for the Center to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Center to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

Adair County Sanitary Landfill and Recycling Center

Schedule of Findings and Responses

Year ended June 30, 2021

PART I - FINDINGS RELATED TO THE FINANCIAL STATEMENT - Continued

21-I-B Financial Reporting:

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the Center's financial statements.

Condition: Loan principal for the Center's long-term debt was not properly reflected on the Center's general ledger on the cash basis of accounting. The payments were recorded in liability accounts so the activity was not reflected as disbursements.

Cause: Center policies do not require and procedures have not been established to require loan principal payments to be tracked as expenditures.

Effect: Lack of policies and procedures resulted in Center employees not detecting the errors in the normal course of performing their assigned functions and material adjustments to the Center's financial statement was necessary.

Recommendation: Since the Center reports on the cash basis of accounting, all receipts and disbursements should be appropriately recorded on the Center's general ledger.

Response: The Board is aware of the long-term debt payments being recorded as liability on accrual basis instead of on cash basis. The Board will continue to monitor this process.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were reported.

\* \* \*

Adair County Sanitary Landfill and Recycling Center

Schedule of Findings and Responses

Year ended June 30, 2021

PART II - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

21-II-A Questionable Disbursements: No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

21-II-B Travel Expense: No disbursements of Center money for travel expenses of spouses of Center officials or employees were noted.

21-II-C Restricted Donor Activity: No transactions were noted between the Center, Center officials, Center employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

21-II-D Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

21-II-E Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Center's investment policy were noted.

21-II-F Solid Waste Fees Retained: No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

Adair County Sanitary Landfill and Recycling Center

Schedule of Findings and Responses

Year ended June 30, 2021

PART II - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING -  
Continued

21-II-G Financial Assurance: The Center has elected to demonstrate financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	<u>Closure Total</u>	<u>Postclosure</u>
Total estimated costs for closure and postclosure care	\$ --	\$ 695,200
Less: Balance of funds held in the local dedicated fund at June 30, 2020	<u>--</u>	<u>755,837</u>
	--	( 60,637)
Divided by the number of years remaining in the pay-in period at beginning of year	<u>÷ 1</u>	<u>÷ 1</u>
Required payment into (excess deposited) the local dedicated fund for the year ended June 30, 2021	--	( 60,637)
Balance of funds held in the local dedicated fund at June 30, 2020	<u>--</u>	<u>755,837</u>
Required balance to be held in the local dedicated fund at June 30, 2021	<u>\$ --</u>	<u>\$ 695,200</u>
Amount Center has restricted for closure and postclosure care at June 30, 2021	<u>\$ --</u>	<u>\$ 744,001</u>

Iowa Department of Natural Resources rules and regulations require deposits into the closure and postclosure care accounts be made at least yearly, and the deposits shall be made within 30 days of the close of each fiscal year. The required deposit was made for the postclosure fund.

The total of the Center's restricted fund exceeds the required balance in total. The postclosure account has a surplus of \$48,801.

\* \* \*